



Idaho Legislative Services Office
Legislative Audits Division

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90-DAY FOLLOW-UP REPORT

STATE OF IDAHO – FY 2011 INTERNAL CONTROL REPORT

On February 21, 2012, the Legislative Services Office released the fiscal year 2011 Internal Control Report. This report is a federally required independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

State agencies with findings in this report were contacted in July 2012, and the following describes how each agency has responded to the recommendations.

HEALTH AND WELFARE, IDAHO DEPARTMENT OF

FINDING 2011S-1

The processes for recovering interim Medicaid payments are not properly established, documented, or monitored.

We recommended that the Department improve internal controls over the handling and processing of non-routine Medicaid transactions and properly monitor all activities of the contractor.

AUDIT FOLLOW-UP

The Department has recovered approximately 99 percent of the interim Medicaid overpayments and does not anticipate making future large-scale payment advances. Also, the Department has updated the Fiscal User Manual to restrict when the rotary account can be used to issue emergency payments and what documentation is needed to support those payments.

STATUS – CLOSED

FINDING 2011S-2

Accounts receivable records were not consistently established for interim payments to Medicaid providers.

We recommended that the Department establish adequate procedures to ensure receivable balances are established correctly, changes are documented, and the accounts are monitored by the Department.

AUDIT FOLLOW-UP

The Department has recovered approximately 99 percent of the interim Medicaid overpayments, and accounts receivable records have been set up in the Medicaid Management Information System for the approximate \$1.7 million still outstanding.

STATUS – CLOSED**FINDING 2011S-3**

The receipt suspense account is not properly reconciled and had an improper balance of \$22 million at year-end.

We recommended that the Department regularly reconcile the receipt suspense account to the various sub-systems to ensure that activity is recorded promptly and accurately.

AUDIT FOLLOW-UP

The suspense account is reconciled daily and any discrepancies noted are researched and resolved. The balance at June 30, 2012 was reasonable for the activity processed by the Department.

STATUS – CLOSED**FINDING 2011S-4**

Rotary fund checks paid to Medicaid providers lack appropriate controls and documentation.

We recommended that the Department establish procedures to properly authorize, document, and track all checks issued through the rotary fund.

AUDIT FOLLOW-UP

The Department has updated their rotary fund policies to ensure that all checks issued through the rotary fund are properly authorized, documented, and tracked.

STATUS – CLOSED**FINDING 2010S-5**

Revenues and expenses were overstated by \$181 million because reimbursements were not reported correctly in accordance with accounting standards.

We recommended that the Department develop a process to provide year-end data to the State Controller's Office that identifies reimbursements to be excluded from revenues and expenses and to also exclude these amounts from the calculation of accounts receivable at year-end.

AUDIT FOLLOW-UP

The Department has met with the State Controller's Office and Legislative Audit staff and has developed a plan to ensure the proper accounting treatment of reimbursements.

STATUS – CLOSED

LABOR, IDAHO DEPARTMENT OF

FINDING 2011S-6

Federal unemployment insurance (UI) benefit activity was reported incorrectly.

We recommended that the Department properly report federal UI benefit revenue and expenditure activity.

AUDIT FOLLOW-UP

In November 2011, the Department submitted adjustments for unemployment insurance benefit activity to the State Controller's Office. The adjustments corrected the amounts for reporting in the State's *Comprehensive Annual Financial Report*.

STATUS – CLOSED